

# How to Claim Your Car Expenses – The Car Logbook Method

The Car Logbook Method is a good way to track your car expenses and claim them on your tax return (to increase your tax refund)



Keeping track of business-related car use with a logbook is not so hard, and it could really add up and boost your next tax refund. Admittedly, the car logbook method is a bit of a nuisance, but after you do it carefully for 12 weeks, you should be covered for five years of business-related car claims.

If you're a small business owner and you use your car for work purposes, **the ATO will let you make a claim on your tax return for some car-related expenses.** The complicated bit is how

you keep records and calculate your car deduction claim. That's why the car logbook method is becoming the most important and popular way to measure and claim your car usage, and it's easy to use. Let's dig into the car logbook

In this article, we look at claiming car expenses using the "car logbook method". We've chosen this method because generally speaking, **if you're a business owner or sole trader and you use your car a lot for work, the car logbook method will usually get you a bigger tax refund.**

And although it takes a bit of patience to get going, it's only one recording period for every five years, so overall the car log book is really quite convenient to use.

## How the Logbook Method Works

Using the logbook method, **your tax deduction claim is based on your car's "business use percentage"**. Your business use percentage is the percentage of kilometres you travel in your car for business related purposes.

By keeping a car logbook, it becomes easy to calculate your business use percentage and it also becomes easy to provide evidence required by the ATO.

## How to Use Your Logbook

To work out your business use percentage, **you need to keep a logbook for your car for a "typical" 12-week period.** These must be 12 consecutive weeks (i.e. 12 weeks in a row).

There are very strict ATO rules for completing a car logbook, so make sure you abide by them all. (There's no sense in doing a logbook, only for it to be deemed worthless by the ATO; get it right the first time and you're good for five years.)

**Your logbook must include every trip you take** – not just your business-related trips.

**The logbook must include the following details:**

- date for each journey
- start and finish times for each journey
- start and finish odometer readings for each journey
- total number of kilometres for each journey
- reason for each journey
- start and finish dates for the logbook period
- start and finish odometer readings for the logbook period
- total number of kilometres travelled during the period
- business use percentage for the period

Does the logbook method sound like a lot of effort?

It can be, but believe us: **it can be worth it at tax time, when you get a bigger tax refund.**

And as a bonus, the good news is that IF your business use percentage is consistent...

**...then you only need to fill out a new logbook for one 12-week recording period every 5 years.**

**How to Calculate Your Business Use Percentage**

Once you've completed your 12-week logbook, you'll be able to calculate your car's business use percentage.

To do this, **divide your business use kilometres by your total kilometres, then multiply by 100.**

So, for example, if you travel 4,000 kilometres in total for the 12-week period, and 1,200 of these were for business-specific purposes, you would do the following calculation:

$$1,200 \div 4,000 \times 100 = 30$$

In this example, your car's business use percentage would be 30%. This means that you could claim 30% of your vehicle expenses for the financial year.

